

and industrial purposes. We have to start thinking about recycled water as a critical component of the water supply picture in California.

Californians and government agencies have recently affirmed their support for water recycling, first with the passage of the California water bond last year, and more recently with the approval of the CALFED water agreement which broadly sets a course for California's water future. Water recycling and reuse is a major element of both these new actions and policies.

The Federal government's support for water recycling was initially authorized in the Reclamation Wastewater and Groundwater Study and Facilities Act of 1992. The Bureau of Reclamation's so-called "Title XVI" program originally approved financial assistance for planning, design and construction of four water recycling projects in California. More projects were approved in 1996.

The legislation I introduce today builds upon these Congressional efforts, voter ballot initiatives and agency studies.

The bill authorizes a series of new Title XVI water recycling projects and directs the Secretary of the Interior to work with various water districts throughout the State on water recycling activities. Specific projects included in the bill are: Castaic Lake Water Agency; Clear Lake Basin Water Reuse Project; San Ramon Valley Recycled Water Project; Inland Empire Regional Water Recycling Project; San Pablo Baylands Water Reuse Project in Sonoma, Napa, Marin and Solano Counties; State of California Water Recycling Program; Regional Brine Lines (salt removal) in Southern California and in the San Francisco Bay and the Santa Clara Valley areas; Lower Chino Dairy Area Desalination Demonstration and Reclamation Project; and the West Basin Comprehensive Desalination Demonstration Program.

These projects will have the capacity to produce hundreds of thousands of acre-feet of useable water. Each acre-foot of recycled water produced by these projects will reduce the demand in California for imported water from the Bay-Delta and the Colorado River.

Unlike traditional Bureau of Reclamation water projects, these water recycling projects require a majority of funds to be locally provided. Consistent with Title XVI limitations on recycling projects as authorized in 1992 and 1996, the projects proposed in my bill require 75 percent local funding. Federal cost sharing is limited to 25 percent. Moreover, this bill specifies that none of the funds can be used for annual operation and maintenance costs. Those annual expenses are the responsibility of the local water districts or management agency.

I strongly believe that water recycling will continue to play an important and growing role in total water management strategies to provide a safe and sustainable water supply in California and in many other parts of the country. The water recycling projects authorized by the legislation I am introducing today are part of a long-term solution to some of California's most difficult challenges. Water recycling is not the only solution. But, water recycling and water reuse can play a significant part as these projects can be designed, built, and placed in service within a short time.

BAN THE USE OF THE INTERNET TO OBTAIN OR DISPOSE OF A FIREARM

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mrs. MINK of Hawaii. Mr. Speaker, today I re-introduce a bill to ban the use of the internet to obtain or dispose of a firearm.

Internet technology has brought our world closer together. It has made our lives more convenient by having almost anything we want available at our fingertips, literally, by the click of a button. We can purchase items from groceries, a brand new car, or even a semi-automatic weapon from a private seller via the internet.

The Gun Control Act of 1968 was enacted for the purpose of keeping firearms out of the hands of those not legally entitled to possess them because of age, criminal background, or incompetence.

To curb the illegal use of firearms and enforce the Federal firearms laws, the Bureau of Alcohol, Tobacco, and Firearms (ATF) issues firearms licenses and conducts firearms licensee qualification and compliance inspections.

Use of the internet to dispose or obtain a firearm would bypass these Federal licensing requirements, as well as background checks and waiting periods. Compliance inspections to help identify and apprehend criminals who illegally purchase firearms would also be avoided.

Criminals having access are not all that we should be concerned about. Our children now have universal access to the internet—almost every classroom and many homes have been installed with and public libraries have at least one computer terminal with a modem. Our children must be protected from the ease the internet provides in obtaining firearms.

It may be difficult to track internet firearm purchases due to numerous security precautions available. Terrible damage may already have been done by the time the unlicensed purchaser and/or seller is detected.

We have an obligation to do all we can to keep our communities safe. This bill will help prevent such weapons from getting into the wrong hands.

I urge my colleagues to support this legislation.

INTRODUCTION OF LEGISLATION TO APPLY THE LOOK-THRU RULES FOR PURPOSES OF THE FOREIGN TAX CREDIT LIMITATION TO DIVIDENDS FROM FOREIGN CORPORATIONS NOT CONTROLLED BY A DOMESTIC CORPORATION

HON. SAM JOHNSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 14, 2001

Mr. SAM JOHNSON of Texas. Mr. Speaker, I am joined by Representative BOB MATSUI in the Introduction of legislation to clarify a provision of our tax code that is needlessly hindering U.S. businesses' ability to efficiently operate in overseas markets.

In some countries, U.S. investors face significant business, legal and political obstacles that prevent them from acquiring a controlling interest in a foreign company. This occurs in particular when the local government has a share in the foreign venture, the industry is heavily regulated (financial services, utilities, and oil and gas exploration, for example), or other business factors necessitate that the U.S. investor hold a minority interest. Consequently, U.S. companies must operate in these foreign countries through corporate joint ventures, many times in partnership with local businesses. U.S. international tax rules, however, tend to discourage corporate joint venture activity, even when these foreign laws require that U.S. companies take minority ownership interest in cooperative arrangements with local companies in order to do business.

In particular, the so-called "10/50 foreign tax credit rules" impose a separate foreign tax credit limitation for each corporate joint venture in which a U.S. company owns at least 10 percent but not more than 50 percent of the stock of the foreign entity.

The 10/50 regime is bad tax policy because it increases the cost of doing business for U.S. companies operating abroad by singling out income earned through a specific type of corporate business for separate foreign tax credit "basket" treatment. This provision inevitably prevents U.S. companies from fully using these tax credits, and thus subjects them to double taxation. Moreover, the current rules impose an unreasonable level of complexity, especially for companies with many foreign corporate joint ventures.

The 1997 Tax Relief Act partially corrected this inequity by eliminating separate baskets for 10/50 companies. Unfortunately, the 1997 act did not make the change effective for such dividends unless they were received after the year 2003. It further complicated the Tax Code by requiring two sets of rules—one from earnings and profits (E&P) generated before the year 2003 and one for dividends from E&P accumulated after the year 2002.

My legislation will greatly simplify the U.S. tax treatment for U.S. companies subjected to these 10/50 foreign tax credit rules. This bill will accelerate from 2003 to this year the repeal of the separate foreign tax credit basket for these companies. In doing so, so-called "look-thru treatment" will allow them to aggregate income from all such ventures according to the type of earnings from which the dividends are paid, thus conforming the treatment of this joint venture income to other income earned overseas by the U.S. companies. The proposal also ensures that pre-effective date foreign tax credits that are being carried forward also receive this look-thru treatment. Without such a rule, these tax credits will expire, a result that never was intended.

In 1999, the House of Representatives and the Senate passed the "Taxpayer Refund and Relief Act of 1999." Although former President Clinton vetoed that particular bill, his administration recommended this legislative proposal in its next budget proposal. Consequently, I am confident that this bill will have strong bipartisan support.

I urge my colleagues to join me in cosponsoring this important legislation.